Proposition 63 and the Future of Mental Health Funding in California

Understanding Successes and Challenges

Prevention and Early Intervention

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Chairperson Arambula and members of the California State Assembly Budget Committee (Subcommittee on Health and Human Services), thank you for the opportunity to speak today. My name is Dr. Nicole Eberhart, and I am a senior behavioral scientist at the RAND Corporation. RAND is a nonprofit, nonpartisan research organization headquartered in Santa Monica, California. RAND has been conducting independent, county-funded evaluations of Proposition 63, now known as the Mental Health Services Act (MHSA), for over eight years. I am eager to share some of what we have learned as you contemplate the future of mental health funding in California.

Proposition 63: Successes and Challenges

Proposition 63 has greatly increased funding for mental health in California. With new funding comes new responsibility to evaluate the resultant programming to understand its impact and ensure effectiveness, accountability, and value. To this end, I will share some key findings of RAND’s evaluations of Prop. 63 programming with you today. I’ll start by discussing some successes of Prop. 63, and then I’ll examine some of the challenges to implementing Prop. 63.
Success 1: New Capacity to Provide Prevention and Early Intervention Services

With the MHSA dedicating 20 percent of funds to prevention and early intervention (PEI), California saw an extensive expansion of PEI programming. A RAND-UCLA team evaluated evidence-based early intervention programs for children in Los Angeles County and found that children who received these PEI services benefitted. We looked at vulnerable children receiving preventive care, and found that nine out of ten stayed well, meaning that—despite their vulnerability—they stayed below the threshold for clinically significant symptoms. For children who already had significant mental health issues, we found that five out of ten got better—meaning that they no longer had clinically significant mental health symptoms.

PEI can be delivered to individuals, but it can also take the form of broader campaigns. For instance, Los Angeles County’s WhyWeRise campaign included immersive events, ads, and social media. The RAND evaluation of the campaign found that it reached more than one in five Los Angeles County youth in a short period of time. Exposure to the campaign was associated with more supportive attitudes around mental illness and more knowledge of how to get help for a mental health problem.

We also looked at PEI programming at the statewide level. Although Los Angeles County’s campaign is relatively new, the California Mental Health Services Authority (CalMHSA) has been implementing statewide mental health PEI campaigns since 2011. CalMHSA is a joint power authority of counties pooling resources to work together on statewide projects. Our evaluations found that CalMHSA’s PEI campaigns reached Californians and improved key outcomes. They were associated with reduced stigma toward those with mental illness, increased use of mental health services, and increased confidence to intervene with those at risk for suicide.3

Success 2: Expanded Capacity to Serve Individuals with Serious Mental Illness

Prop. 63 enabled expansion of Full Service Partnership (FSP) programs that provide wraparound services. FSPs provide “whatever it takes” to improve residential stability and mental health outcomes for individuals with serious mental illness. We found that FSP participation is associated with improvements in key outcomes, such as homelessness, criminal justice system involvement, hospitalization for mental health, and connection to primary care.4


4 J. Scott Ashwood, Sheryl H. Kataoka, Nicole K. Eberhart, Elizabeth Bromley, Bonnie T. Zima, Lesley Baseman, F. Alethea Marti, Aaron Kofner, Lingqi Tang, Gulrez Shah Azhar, Margaret Chamberlin, Blake Erickson, Kristen Choi, Lily Zhang, Jeanné Miranda, and M. Audrey Burnam, The Mental Health Services Act in Los Angeles County:
Success 3: Prop. 63 Programming Is Associated with Cost Savings

We evaluated potential cost savings associated with specific components of Prop. 63. In evaluating costs associated with Los Angeles County’s FSP program, we found that the program reduced service-related expenditures by $83 million, a 24-percent reduction in non-FSP spending. The cost savings were largely driven by reduced spending on incarceration among adults, although there were also savings associated with decreased hospitalization for mental health and decreased homelessness.

We also found evidence that CalMHSA statewide PEI programs yielded positive return on investment. For example, the Each Mind Matters stigma reduction campaign is associated with increased mental health treatment, which is projected to produce a $36 return to the state for every dollar invested, due to higher productivity and employment. Similarly, PEI programs in California’s public colleges and universities are associated with increased use of mental health treatment, which is projected to increase graduation rates, in turn leading to higher lifetime earnings and an average return to the state of over $6 for every dollar invested. Suicide prevention training programs are also projected to return money to the state through averted Medi-Cal emergency health care costs associated with suicide attempts and increased state income tax revenue for those whose lives are saved. Note that our cost-benefit analyses do not capture all the financial, personal, or societal benefits. Improving or saving someone’s life is valuable, regardless of costs.

Challenge 1: Limited Funding for Statewide PEI Projects

Although Prop. 63 has had some notable successes, challenges still remain. Some PEI programs could be more efficiently implemented as a statewide effort than by each individual county. However, California’s decentralized, county-administered mental health system makes it challenging to execute statewide projects. Counties only contribute a small portion of their PEI funds to the CalMHSA statewide projects, and this amount has greatly decreased since CalMHSA’s inception in 2011. As such, CalMHSA has not been able to maintain its statewide efforts.


projects at the level they were at when we did many of these evaluations. While we found some promising results, these gains likely have not been fully maintained.

**Challenge 2: Limited Capacity for Whole-Person Care**

County departments of mental health serve a highly vulnerable population with intense needs. Beyond their mental health needs, consumers are often grappling with issues related to physical health, substance use, housing instability, lack of food, social isolation, and unemployment. Many are involved in the criminal justice system or with the department of child and family services. The current service system is not fully prepared to treat all of people’s complex needs in a coordinated manner, partly because it is not set up to compensate whole-person care. To best serve Californians with mental illness, California may need to develop reimbursement and information systems that better support whole-person care for all consumers.

**Challenge 3: Insufficient County-Level Evaluation Data**

In evaluating the impact of Prop. 63 funding, we found that we did not always have the right data to answer our evaluation questions. For instance, some key indicators of recovery from serious mental illness are not being measured by counties, and other outcomes are not being measured as well as they could be. California can facilitate future evaluation by updating state-mandated data collection procedures. Careful consideration should be taken to minimize burden on county mental health providers while maximizing the utility of the data collected.

**Prevention and Early Intervention**

In the remainder of this testimony, I will use some of the findings from the evaluations my RAND colleagues and I have conducted to inform some of the questions directly posed to this panel.

**Does California Need a Larger Investment in PEI?**

RAND’s evaluations did not directly address the right funding level for PEI investments. However, our evaluation findings do provide evidence that PEI programs are beneficial and that investing in PEI can yield downstream cost savings for the state.

With respect to benefits, we found that Los Angeles County children who received PEI services had improved mental health outcomes. We also found that a broader mental health community engagement campaign in the county successfully engaged young people and

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8 Ashwood et al., 2018a.
9 Ashwood et al., 2018a, 2018b.
increased their knowledge of how to get help for a mental health problem. At the statewide level, we found that PEI campaigns were associated with reduced stigma toward those with mental illness, increased use of mental health services, and increased confidence to intervene with those at risk for suicide. These are just a few of the benefits identified by our evaluations.

We also found evidence that statewide PEI programs yielded a positive return on investment by leading to outcomes such as increased mental health treatment, that in turn, are associated with financially beneficial outcomes such as higher productivity, earnings, and employment. Programs that reduce suicide rates have the potential to return large amounts of money to the state through averted Medi-Cal emergency health care costs associated with suicide attempts and increased state income tax revenue from longer lifetime earnings. Beyond financial benefit, improving and even saving lives of people with mental illness is valuable—regardless of the cost.

It is important to provide a full continuum of mental health care, from PEI to treatment for those with serious mental illness. Spending on prevention can be controversial when there are so many seriously mentally ill people in dire need, but the evaluation data support the effectiveness of PEI. Prevention and treatment are not in competition; they are both part of a full spectrum of mental health services.

**Should the State Limit the PEI Options for Counties Based on Best Practices?**

Los Angeles County and the CalMHSA statewide PEI projects have carefully chosen evidence-based practices, and our evaluations of these programs have indeed indicated that they are effective in the diverse and vulnerable populations served in California. Although many evidence-based PEI practices are available, counties and the state could consider using a smaller subset of practices. An evidence-based practice will only be effective if it is implemented in the populations for which it is intended and delivered in the manner intended. But it is not feasible to monitor how a large number of practices are being administered. Focusing on a smaller subset of practices could make it easier to ensure that they are administered as intended and yield the intended results. Focusing on broad dissemination of a smaller number of evidence-based practices could also result in cost efficiencies, particularly if counties collaborate on investments in training, monitoring, and outcomes evaluation.

However, there are tradeoffs. Given how diverse California is, and the robust local stakeholder processes counties engage in, counties also need some flexibility to tailor the implementation of evidence-based practices to their unique local needs and populations. Although there are advantages to widely implementing a smaller number of evidence-based practices, counties may benefit from having access to a more comprehensive range of evidence-based practices.

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11 Collins et al., 2015; Collins et al., 2019; Ramchand et al.; 2015.
practices that are in line with statewide goals, any effort to streamline options should consider counties’ need to be responsive to local stakeholders.

**What Challenges Have Counties Faced in Spending their Prop. 63 Funds?**

I won’t go into depth on this issue, given that our evaluations did not directly address spending challenges and other panelists are better equipped to weigh in. I am aware that some counties have not been spending out their PEI dollars, which might give the impression that the funds are not needed. However, some counties report that they have trouble spending PEI funds because the funding stream is viewed as not being flexible enough to meet their needs. For instance, counties state that the timeframe in which funds need to be spent makes it difficult to hire new staff and launch new programs. In addition, counties may still have some uncertainty regarding what counts as PEI under the MHSA. It is challenging to balance the needs for guidance and accountability with county needs for flexibility in using PEI funds.

I appreciate having the opportunity to weigh in based on my experience as an evaluator of Prop. 63–funded programs since 2011. In the interest of time, I tried to keep my comments today focused, with limited examples, but my RAND colleagues and I have written 80 reports relevant to Prop. 63 over the past eight years, and I would be happy to answer questions about our work today or at a later point in time.

Thank you again for the opportunity to testify.